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Division of Workers' Compensation
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Division of Workers' Compensation issues audit standards for 2008

The Division of Workers' Compensation (DWC) Audit and Enforcement Unit has issued its audit standards for 2008. Since January of 2003, the Audit Unit has been charged with conducting workers' compensation claims audits under Labor Code sections 129 and 129.5. The Audit Unit is required to conduct a profile audit review (PAR audit) of each of nearly 500 adjusting locations at least once every five years. Audit subjects that do not meet or exceed PAR performance standards are subject to a full compliance audit (FCA).

The DWC administrative director annually establishes PAR and FCA performance standards. The 2008 standards are based on the audit results of calendar years 2004 through 2006.

Performance standards for 2008

- The PAR performance standard for audits conducted in 2008 is **1.82401**. Audit subjects with PAR performance ratings of 1.82401 or lower will be required to pay any unpaid compensation, but no penalties will be assessed. If a PAR audit subject's performance rating is 1.82402 or higher, the audit will expand to a full compliance audit, and an additional sample of indemnity claims will be audited.
- The FCA performance standard for audits conducted in 2008 is **2.14048**. FCA audit subjects with a performance rating of 2.14048 or less will be required to pay any unpaid compensation and penalties will be assessed for all violations involving unpaid and late paid compensation. If an FCA subject's full compliance audit performance rating is 2.14049 or *higher*, additional samples of denied claims as well as the expanded samples of indemnity claims will be audited. Penalties will be assessed for all violations as appropriate pursuant to Title 8, California Code of Regulations, sections 10111 through 10111.2.

More information on the performance standards that will be in use for the profile audit reviews and full compliance audits during calendar year 2008 is now posted on the DWC Audit and Enforcement Unit Web site at <http://www.dir.ca.gov/DWC/audit.html>.

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